

## **Governor's Message - Governor Romney's 2007 Budget Recommendation**

I am pleased to present to the General Court and to the citizens of the Commonwealth my budget recommendations for the upcoming fiscal year. This budget reflects a marked improvement in the fiscal health of the Commonwealth, allowing us to share the benefits of the turnaround with our cities and towns. Our continued economic expansion and growth in our tax revenue collections allows us to make substantial investments aimed at building a stronger and healthier Commonwealth, and permits us to take the first step towards reducing the personal income tax rate from 5.3 to 5.0 percent. To improve our competitiveness at home and abroad, I recommend making investments in several critical areas. First, my budget increases and more equitably allocates aid to our local school districts. It recommends far-reaching reforms to rapidly turn around failing schools and improve teaching throughout the Commonwealth. Second, my budget allocates additional resources to improve health care, as we are on the verge of historic reform of our health care system that will allow all our citizens to gain access to health insurance. By prioritizing education, health care, and aid to our cities and towns, my budget makes investments in critical areas aimed at building a strong foundation to encourage economic prosperity for years to come.

My budget continues my commitment to improve public education in Massachusetts. Previously, I presented a plan to reform the school building assistance program and create a merit-based scholarship program. I am pleased to report that both initiatives have been implemented, with many municipalities now receiving promised state assistance for local school buildings. In each of the last two years, nearly 14,000 of our students have been awarded tuition-free John and Abigail Adams Scholarships. In my Fiscal Year 2007 budget, I recommend that we continue to invest in our education initiatives and implement reforms outlined in my Education Reform Act. Spending on education will increase by almost \$275 million with a specific focus on our under-performing school districts, rewarding our best teachers, and focusing on math and science. Chapter 70 funding alone is increased by \$163 million. In addition to increasing the funding, this budget improves the allocation to communities by taking into account growth in enrollment and the wealth of the community thereby ensuring that resources are directed to districts in greatest need of assistance.

By not raising taxes, delivering on-time budgets, and being fiscally prudent, state government has contributed to the improvement in the Massachusetts economy. While state government does not create

private-sector jobs, we can facilitate their formation through targeted efforts. We have already made enormous progress in providing tax relief. Indeed, I commend the Legislature for the recent passage of capital gains tax legislation that prevented unfair retroactive taxation. We have also enacted targeted tax relief to the elderly, offered home heating tax credits to offset the surge in energy prices, and offered targeted tax incentives for industries that will generate economic activity and jobs. While each of these policies will contribute to a healthier Massachusetts economy, we must continue our efforts to expand tax relief to all of our citizens. My budget, by lowering the personal income tax from 5.30 to 5.15 percent in Fiscal Year 2007, and then to 5.0 percent in Fiscal Year 2008, will make Massachusetts more attractive to both employers and employees.

To our partners in municipal government, my budget distributes 100 percent of the annual lottery revenue, an increase of nearly \$158 million. In addition, I am recommending that \$30 million in aid be made available through the lottery formula to cities and towns that demonstrate gains in housing growth. I also recommend that we distribute \$22 million for community policing efforts through the lottery formula to allow municipal officials discretion to direct the funds to high crime areas in their communities rather than allow the Legislature to earmark the funds for specific patrols. Finally, the category of local aid known as Payment in Lieu of Taxes, or PILOT, which compensates cities and towns where tax-exempt state properties are located, will increase by 57 percent, from \$16.1 million to \$25.3 million.

Under my watch, reform efforts are taking root in the Executive Office of Health and Human Services. On-going management efficiencies gained through drug formularies, information technology and targeted case management all contribute to the stabilization of these accounts. The Virtual Gateway continues to offer citizens a single point of entry to our human service programs and ensures that the uninsured are quickly enrolled in our MassHealth programs to more effectively manage their health care costs.

My budget keeps our commitment to both seniors and the disabled. The new federal Medicare Part D program provides a prescription drug benefit for Medicare beneficiaries. This new program presents both opportunities and challenges for the Commonwealth and its seniors and disabled populations. My budget ensures that those currently receiving benefits under the state's Prescription Advantage program will be just as well served under the new federal program.

This budget recognizes the recent surge in violence in our community and increases public safety funding to combat crime of all types. We allocate additional funds to expand the State Police Crime Lab to increase our DNA testing capacity and ensure that our District Attorneys have timely results. To combat gang violence, my budget provides funding for a witness protection program and distributes community policing money to all communities rather than legislatively prescribed locations.

The budget also includes an important welfare system reform. While great strides have been made to reduce the number of people dependent on welfare over the last decade, more needs to be done. Today, our current work participation rate is only 15 percent of adult welfare recipients- well below the federal work requirement of 50 percent. This must change, as more Massachusetts workers means more prosperity for all. My welfare reform initiatives will institute the federal government standard for work requirements and work activities. These reforms are designed to encourage recipients to acquire job skills and economic independence.

My Fiscal Year 2007 budget recommendation keeps the commitment that I made to the people of Massachusetts. It invests in critical areas to foster an environment of educational achievement, economic growth, and self-sufficiency. It maintains fiscal discipline through a budget that is balanced with no gimmicks. It honors the voters' choice of a tax cut by taking the first step in reducing the personal income tax from 5.3 to 5.0 percent. I believe this budget recommendation serves as a blueprint for a better and stronger Commonwealth.

A handwritten signature in black ink, appearing to read "Mitt Romney", located in the bottom right corner of the page.